

Chapter 13 JOB ACCESS LOANS

13.1.0 JOB ACCESS LOANS

Job Access Loans (JAL) are short-term loans designed to meet expenses related to obtaining or maintaining employment. JALs are designed for an individual needing assistance because of a discrete financial crisis that cannot be resolved with personal resources and other funding sources are not available or have been exhausted. This crisis, if unresolved, could develop into a long-term problem in which the individual may become dependent upon a W-2 employment position. There is no entitlement to a JAL. The W-2 agency has sole discretion in determining and authorizing JALs. In administering JALs, the FEP must determine not only the appropriate amount needed but also if the applicant has an acceptable repayment plan, as well as balance and prioritize other JAL applications.

13.2.0 ELIGIBILITY DETERMINATION

In order to be determined eligible, an individual must:

- Meet nonfinancial and financial eligibility conditions (See Chapters 2 and 3);
- Meet with the FEP;
- Need the loan to address an immediate and discrete financial crisis (the crisis may not be the result of the individual's failure to accept a bona fide offer of employment or the individual's termination of a job without good cause);
- Need the loan to obtain or continue employment (fulfillment of this requirement includes a loan that is needed to repair a vehicle that is needed to obtain or continue employment);
- Not be in default with respect to the repayment of any previous JAL or repayment of any CSJ or W-2 T payment or Trial Job wage overpayments;
- Not be a migrant worker; and
- If the JAL applicant is a custodial minor teen parent:
 - Turn 18 within two months of applying for the JAL;
 - Live in one of the following supervised, alternative living arrangements: Kinship care, foster home, group homes, or an adult supervised independent living arrangement approved by the W-2 agency; and
 - Have a high school diploma or its equivalent.

13.3.0 APPROVED LOAN PURPOSES

W-2 agencies have the authority to approve or deny any proposed uses of JALs. The following loan examples are not an attempt to specify all approved uses of JALs; however, they may be used as a guideline:

- Car loans, including down payment and repairs to provide transportation to work or to look for work;
- Fees for obtaining a driver's license;

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- Clothing/uniforms for work;
- Rent or security deposits, to prevent eviction and enable the individual to obtain or maintain employment; and
- Moving expenses only as they relate to obtaining or maintaining employment.

13.3.1 Self-Employment/Entrepreneurship

There are several federal and state government agencies as well as private financial institutions currently funding programs to promote self-sufficiency through self-employment/ entrepreneurship. JALs are not designed to replace these existing programs, but to provide funds when other sources have been exhausted or are not available.

Here are some examples of self-employment/entrepreneurial activities which may be supported by a JAL:

1. The individual is a participant in an approved self-employment program, such as the Jobs and Business Development Program or Wisconsin Housing and Economic Development Authority (WHEDA) program. This individual will have already participated in the training elements of the program, have a business plan approved by the appropriate separate government agency, and the purpose of the loan is supported by the FEP.
2. Recognizing the challenge that child care provides to the success of the W-2 program, JALs could be used to create or maintain a child care facility. JAL can benefit the W-2 program by providing loans if:
 - The individual is a current child care provider who may lose the ability to continue without a loan to meet a specific short-term financial need; or
 - The individual is interested in starting a child care program, has completed child care training, has a solid business plan, and would use the funds to meet start up needs (for example, the individual may require baby cribs, diaper tables, etc., to meet child care certification or licensing requirements, to handle start up costs such as changes necessary to comply with building codes).

As a condition of any self-employment/entrepreneurial loan, the W-2 agency must require a business plan that is approved by traditional loan institutions, including banks, credit unions, and organizations specializing in entrepreneurial efforts, such as the Wisconsin Women's Business Initiative Corporation or the National Foundation for Training Entrepreneurship. Also, an individual in a W-2 employment position must meet all work training requirements and education and training activities outlined in the Employability Plan. For example, if a CSJ participant wants to prepare to start a child care business, business plan preparation must be accomplished in addition to work training and education requirements. In addition, W-2 Community Steering Committees will foster and guide entrepreneurial efforts of participants. (See 1.7.0.)

13.3.2 Prohibited Uses

Prohibited uses of JALs include:

1. Alleviating a financial crisis that is the result of the individual's failure to accept a bona fide offer of employment or the individual's termination of a job without good cause; (See Section II - Chapter 10)
2. Paying off fines incurred for drunk driving (OWI) or operating after revocation (OAR) offenses, traffic violations, penalties and bail;
3. Expenses covered by Emergency Assistance program;
4. Personal needs such as clothing (not work related), refrigerator, etc.; or
5. Paying off taxes.

The W-2 agency has the authority to further define or expand upon this list of prohibited uses for Job Access Loans.

13.4.0 LOAN REQUIREMENTS

13.4.1 Loan Application and Repayment Agreement

Individuals applying for a JAL must complete a JAL Application and Repayment Agreement. This form is issued by the state and contains an application, a repayment agreement, and the terms and conditions of the loan.

13.4.2 Loan Amounts

The local W-2 agency can approve a JAL from \$25 to \$1,600. In any 12-month period, the maximum allowable amount for all loans for each individual and the maximum allowable outstanding balance for each individual receiving a JAL is \$1,600. The average of all amounts loaned by the W-2 agency in any 12-month period must not exceed \$800.

13.4.3 Loan Payments

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JALs may be necessary in emergency situations. The W-2 agency must establish and maintain a method that will enable an expedited eligibility determination and make emergency payments within 24 to 96 hours of loan approval.

13.4.4 Financial Counseling

The FEP may provide budget counseling or arrange for financial counseling from outside resources for all loans. Formal budgeting classes may be applicable for large loans or for those with a past history of budgeting problems.

13.4.5 Reporting

The W-2 agency must enter into the CARES system all information on loan issuance, repayment schedules, or revisions within two working days of loan approval. The W-2 agency must report monthly cash or in-kind repayments into CARES no later than five working days after the 25th of the month.

13.5.0 LOAN REPAYMENTS

The loan recipient must develop a repayment plan approved by the FEP. The repayment plan must include the maximum level of cash repayment and the shortest repayment period feasible. The applicant must agree to any changes in the repayment plan made by the FEP before the loan is granted.

The loan may be paid back in cash or through a combination of cash and volunteer community work. Repayment through volunteer work shall be valued at the higher of the state or federal minimum wage rate. The individual must repay in cash at least 25 percent of the value of the loan; however, the most desirable method is 100 percent cash repayment.

Cash repayments are required on a monthly basis. The loan recipient cannot make monthly JAL repayments through an automatic deduction from their CSJ or W-2 T payments. However, the loan recipient can make monthly payments from a subsidized employment position payment by filling out an Assignment of Wages form (UCT-11854). (This form can be obtained by calling 800-943-9499). Loan recipients repaying through volunteer community work must begin as soon as possible. Volunteer community work hours must be scheduled around any paid work and must be scheduled in regular monthly increments.

Loan recipients are responsible for finding the volunteer opportunity. The W-2 agency may approve the volunteer proposal or require changes to the proposal as a condition for loan approval. The volunteer work must be an organized and supervised activity designed to benefit the community. Examples of volunteer

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opportunities include assisting with child care at the Job Center, helping at a soup kitchen, participating in Meals on Wheels, helping to build a home through Habitat for Humanity, or supervising youth activities. Volunteers must arrange their own child care and W-2 agencies may not reimburse for any supportive expenses incurred for volunteer community work, including transportation and child care. Volunteers must provide suitable verification of hours worked as required by the FEP.

JALs are expected to be repaid within a 12-month period, but can be extended up to a maximum of 24 months if the participant requests an extension and the W-2 agency determines that it is appropriate.

13.5.1 Collections

On a monthly basis, loan recipients receive CARES notices outlining payments received, outstanding balances, and upcoming payment due dates.

If a loan recipient moves out of a W-2 agency's geographic area of responsibility, the W-2 agency must attempt to modify the repayment schedule prior to the move to recover as much of the loan as possible. If the individual relocates before the loan is repaid in full, the originating W-2 agency continues to collect cash repayment and should require a new volunteer community service plan, if applicable.

If a loan recipient files bankruptcy on the Job Access Loan, the W-2 agency should submit any bankruptcy notice to the Public Assistance Collection Unit. The Public Assistance Collection Unit will then write off the loan recipient's debt.

13.5.2 Overdue Payments

A JAL payment is considered overdue if not received in full and reported in CARES within five working days after the 25th of the month. The W-2 agency must contact the loan recipient and determine the reason for the delay and make arrangements to collect overdue payments. In addition, a notice will be issued by CARES informing the participant of the delinquency. A second overdue payment generates a second notice to the participant. After a third missed payment, in conjunction with the CARES notice, the Benefit Recovery Unit will process a tax intercept request through either the Wisconsin Department of Revenue or the Internal Revenue Service and initiate other authorized collection actions to recover the entire outstanding balance (original loan amount minus any cash or in-kind payments.) The entire outstanding JAL balance must be recovered in cash whether or not a portion of the payment was guaranteed to be repaid by in-kind services. Unpaid balances are due immediately upon default. Overdue payments need not be consecutive.
